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Item 130
Programme budget for the biennium 2012-2013

Contingency fund: consolidated statement of programme budget implications and revised estimates

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered an advance version of the report of the Secretary-General on the contingency fund: consolidated statement of programme budget implications and revised estimates (A/C.5/67/15). During its consideration of the report, the Advisory Committee met with representatives of the Secretary-General, who provided additional information and clarification.

2. The Advisory Committee recalls that, in its resolution 65/262, the General Assembly decided that the level of the contingency fund for the biennium 2012-2013 would be 0.75 per cent of the overall level of resources, or $40,475,200, within which additional requirements would be accommodated. In its report on the proposed programme budget outline for the biennium 2014-2015, the Committee recommended approval of the Secretary-General's proposal that the level of the contingency fund be maintained at 0.75 per cent and expected the Secretary-General ensure that all departments, offices and decision-making bodies are informed of the level of the contingency fund for the biennium 2014-2015 (A/67/625, para. 14).

3. The Secretary-General indicates in his report that the remaining balance of the fund for 2012-2013 is $13,762,500. The total value of the relevant items that are currently before the Fifth Committee for decision amount to $19,741,800. Taking into account the relevant recommendations of the Advisory Committee, which would result in an overall reduction of $3,042,700, potential new charges to the contingency fund would therefore amount to $17,685,400. This would exceed the remaining balance of the contingency fund by $3,922,900. Accordingly, should the Assembly approve the appropriation of the amounts set out in the table following paragraph 6 of the report of the Secretary-General, as modified by the Committee's recommendations, there would be a shortfall of $3,922,900 in the contingency fund

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4. The Advisory Committee recalls the provisions of General Assembly resolutions 41/213 and 42/211 on the use of the contingency fund. In its resolution 41/213 (annex I, sect. C, para. 8), the Assembly stipulated that the programme budget should include a contingency fund expressed as a percentage of the overall budget level to accommodate additional expenditures relating to the biennium derived from legislative mandates not provided for in the proposed programme budget or from revised estimates. The Committee also recalls that in its resolution 42/211 that the Assembly decided that the fund would cover additional expenditures relating to the biennium that are based on decisions taken during a three-year period, which includes the year preceding the biennium and the biennium (annex, sect. B, para. 1). Furthermore, the contingency fund is to be used for revised estimates in respect of amounts required over and above the estimates in the proposed programme budget for activities that had been included in the proposed programme budget but that were not acted upon at first reading pending the submission of additional information (resolution 42/211, annex, sect. A, para. (b) (i)).

5. The General Assembly also stipulated that prudent use of the fund required that it should not be exhausted before the end of the period of use (ibid., annex, sect. B, para. 2). If additional expenditures are proposed that exceed the resources available within the contingency fund, such additional expenditures can be included in the budget only through the redeployment of resources from low-priority areas or modifications of existing activities, or else should be deferred until a later biennium (resolution 41/213, annex I, sect. C, para. 9). The Advisory Committee was informed upon request that the Secretary-General includes in every statement of programme budget implications submitted to the Assembly a paragraph making reference to these requirements pursuant to paragraph 3 of annex C to Assembly resolution 42/211. In this connection, the Committee notes paragraph 5 of the report of the Secretary-General in reference to Assembly resolution 48/288. Paragraph 6 of the annex to resolution 42/211 further stipulates that the Secretary-General, in his consolidated statement, should make proposals for revising the additional expenditures so that they would not exceed the available balance.

6. The Secretary-General indicates that efforts were made to absorb requirements resulting from new and expanded mandates, including $3,076,600 in the context of the report of the Secretary-General on the revised estimates resulting from resolutions and decisions adopted by the Human Rights Council at its nineteenth, twentieth and twenty-first sessions (A/67/607) and an amount of $107,500 relating to the revised estimates resulting from resolutions and decisions adopted by the Economic and Social Council in 2012 (A/67/503). An additional $689,700 was identified for absorption within approved resources for the biennium 2012-2013. The Secretary-General stipulates, however, that the magnitude of additional requirements resulting from new and expanded mandates in 2012 does not allow for further absorption (A/C.5/67/15, para. 4). He adds that any further reallocation or reduction of resources for mandated programme elements, including deferral, termination or curtailment of mandated activities, would require General Assembly approval (ibid., para. 5).

7. In the context of its consideration of the budget outline for the biennium 2014-2015, the Advisory Committee was provided with detailed information on the utilization of the contingency fund since its creation (see annex). The Committee notes that the projected overexpenditure for 2012-2013 does not appear to constitute a long-term trend, but could rather reflect an exceptionally high level of legislative

activity for the period. In this connection, the Committee further notes that the Secretary-General has not requested an increase in the level of the fund for 2014-2015. It is the Committee's understanding, therefore, that he does not expect a recurrence or long-term persistence of this situation. At the same time, the Committee recognizes that certain provisions referred to in paragraph 5 above are not being observed, calling into question the ongoing viability of the existing regulations governing the operation of the contingency fund.

8. **The Advisory Committee recalls its previous observation that, while recognizing that additional resource requirements must be considered and that it is not always possible to fit new initiatives within the biennial cycle of the regular budget, it is the responsibility of the Secretary-General, as chief administrative officer of the Organization, to ensure that the proposed programme budget presents the fullest possible picture of the Organization's requirement for any given biennium (A/66/7/Add.23, para. 4). The Committee reiterates its recommendation that the Secretary-General be requested to analyse the way in which the contingency fund has been utilized for 2012-2013. In the future, every effort should be made to incorporate additional requirements into the budget proposals (ibid., para. 5). If a full submission of all items is not possible, indicative estimates of the resources should be reflected in the proposed programme budget in order to provide Member States with the most comprehensive information possible at the time (see A/66/7, para. 31). The Committee also recalls its view that it is the responsibility of the Secretary-General to inform the General Assembly thoroughly and accurately about whether there are sufficient resources to implement a new activity (see A/54/7, para. 67).**

9. **The Committee reiterates its view that the contingency fund is an essential budgetary instrument for addressing additional resource requirements, emphasizing the need to adhere to the provisions of General Assembly resolutions 41/213 and 42/211 on its use (A/66/7/Add.23, para. 5). In the event of any constraints faced, the Committee believes that the Secretary-General should bring the problems encountered to the attention of the General Assembly in a timely manner.**

10. **With reference to the request in paragraph 7 of A/C.5/67/15, the General Assembly may wish to consider the potential charges related to new and expanded mandates against the contingency fund for the biennium 2012-2013 and accordingly offer appropriate guidance to the Secretary-General.**

Annex

Utilization of the contingency fund since its creation

Biennium	*Size (millions of United States dollars)*	*Percentage of preliminary estimate*	*Utilization estimates (thousands of United States dollars)*	*Utilization estimates (per cent)*
1990-1991	15	0.75	11 781.3	78.7
1992-1993	18	0.75	6 291.9	35.0
1994-1995	20	0.75	18 484.7	92.5
1996-1997	20.6	0.75	5 241.8	25.2
1998-1999	19	0.75	3 692.2	19.5
2000-2001	19.1	0.75	18 875.7	99.0
2002-2003	18.9	0.75	18 868.8	100.0
2004-2005	21.6	0.75	13 745.2	63.4
2006-2007	27.2	0.75	26 562.7	97.8
2008-2009	31.5	0.75	26 338.5	83.7
2010-2011	36.5	0.75	14 124.8	38.7
2012-2013	40.5	0.75	26 712.7[a]	66.0

[a] Approved for 2012 only, leaving a balance of $13.7 million for 2013 requirements.